

**BEFORE THE  
FEDERAL COMMUNICATIONS COMMISSION  
WASHINGTON, DC 20554**

|                                      |   |                      |
|--------------------------------------|---|----------------------|
| In the Matter of                     | ) |                      |
|                                      | ) |                      |
| Federal-State Board on Universal     | ) |                      |
| Service                              | ) | WC Docket No. 09-197 |
|                                      | ) |                      |
| Chariton Valley Telecom Corporation  | ) |                      |
|                                      | ) |                      |
| Petition for Commission Agreement    | ) |                      |
| In Redefining a Certain Service Area | ) |                      |
| Served by a Rural Telephone          | ) |                      |
| Company.                             | ) |                      |

**PETITION FOR COMMISSION AGREEMENT IN REDEFINING A  
CERTAIN SERVICE AREA OF A RURAL TELEPHONE COMPANY IN  
THE STATE OF MISSOURI.**

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ATTORNEYS FOR CHARITON  
VALLEY TELECOM CORPORATION

May 13, 2013

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**PETITION FOR COMMISSION AGREEMENT IN REDEFINING A  
CERTAIN SERVICE AREA OF A RURAL TELEPHONE COMPANY IN  
THE STATE OF MISSOURI.**

I. Introduction.

Chariton Valley Telecom Corporation (“Chariton Valley”), pursuant to Section 54.207(c) of the rules of the Federal Communications Commission (“Commission”), hereby requests that the Commission concur with the decision of the Missouri Public Service Commission (“MoPSC”) that redefinition of a service area in the state of Missouri is in the public interest.<sup>1</sup>

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<sup>1</sup> See “Application of Chariton Valley Telecom Corporation as a Telecommunications Carrier Eligible for Federal Universal Service Support Pursuant to §254 of the Telecommunications Act of 1996”, File No. TA-2012-0128, Order Granting Application for Designation as an Eligible Telecommunications Carrier, May 11, 2013 (issued May 1, 2013, effective May 11, 2013) (“MoPSC Order”), Exhibit A hereto.

## II. Background.

Chariton Valley's parent, Chariton Valley Telephone Corporation, is a small rural member-owned ILEC. It serves eighteen exchanges to the north, west, and south sides of the Macon, Missouri exchange. It serves the exchanges of Atlanta, Bevier, Excello, and Jacksonville that abut Macon on the north, west, and south. Macon lies within Chariton Valley Telephone Corporation members' communities of interest. Both Chariton Valley Telephone Corporation and Chariton Valley have calling plans that include Macon and the surrounding exchanges within each other's local calling scopes.

In 2003 Chariton Valley invested approximately twelve million dollars in the Macon, Missouri community by installing Missouri's first underground fiber-to-the-premise (FTTP) overbuild. The network consists of four (4) fiber nodes with fiber buried to most business and residential locations within the Macon city limits. Chariton Valley provides advanced voice and IP-enabled broadband services over this FTTP network via a "soft switch".

Within the city of Macon, Chariton Valley has constructed fiber optic cable routes past every residence and business location, both those served by Chariton Valley and those served by Spectra Communications Group, LLP ("Spectra"). Chariton Valley did not target large revenue businesses only. Fiber drops were placed to every residence and business location that gave Chariton Valley permission to do so.

With respect to customers in the exchange outside the city limits of Macon,

where Chariton Valley does not have a readily accessible fiber facility, it has or can provide broadband services via the deployment of wireless technologies.

As a result of Chariton Valley Telecom's deployment of these facilities, customers in Macon have the advantage of being able to select broadband-based voice, video, and data services.

### III. The proposal is not a result of creamskimming.

Creamskimming occurs when a competitive ETC obtains support based on the cost of serving particularly high-cost portions of an incumbent's study areas without actually serving those areas, potentially distorting competition and universal service.

Spectra's service area, USAC study area 421151, consists of 107 exchanges located in different regions of southwest, south central, northwest, and northeast Missouri.<sup>2</sup> These regions are remote by distance from one another. 13 of these exchanges, including Macon, were designated "Zone 1" exchanges. The other 94 exchanges were designated "Zone 2" exchanges.

In order to escape the creamskimming analysis applicable to the Spectra study area, facilities based competitors would have to overbuild Spectra's facilities in nine separate clusters centered around the following exchanges "central" to each cluster: Potosi, Mountain Grove, Mount Vernon, El Dorado Springs,

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<sup>2</sup> Spectra's Disaggregation Plan, including a map of its disaggregated exchanges constituting its study area, is attached hereto as Exhibit C.

Concordia, Brunswick, Canton, Monroe City, and Macon.

Chariton Valley Telephone decided to create Chariton Valley Telecom as a CLEC to compete with Spectra in Macon only, and not in any other Spectra Exchanges, as Macon was located within the community of interest of Chariton Valley. Chariton Valley did not select Macon in order to creamskim.<sup>3</sup>

In the MoPSC proceeding no party contested the creamskimming issue. The MoPSC Staff concluded that this service area redefinition did not present a situation of creamskimming. It presented a detailed 24 point analysis of this issue, at paragraph 3 of its Staff Recommendation to the Commission.<sup>4</sup> The MoPSC agreed with, and adopted this analysis.<sup>5</sup>

#### IV. FCC Agreement with the Proposal will benefit Missouri.

Chariton Valley provides FTTP or wireless broadband critical to broadband capability in the Macon exchange. FCC agreement with the Proposal will assist Chariton Valley's ability to expand and maintain broadband in the Macon exchange into the future. This will directly benefit communications residential and business customers in Macon, and will indirectly benefit customers outside the Macon exchange in communicating with Macon exchange residents.

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<sup>3</sup> See sub-paragraphs 19-24 of paragraph 3 of the MoPSC Staff's Recommendation, Exhibit B hereto.

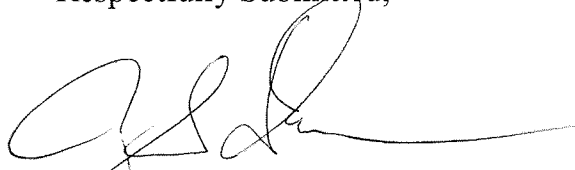
<sup>4</sup> Exhibit B hereto.

<sup>5</sup> Exhibit A, at pages 3-4.

V. Conclusion

For the foregoing reasons, Chariton Valley respectfully requests that the Commission grant its Petition, allowing the proposed redefinition to become effective.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read 'Craig S. Johnson', with a long horizontal flourish extending to the right.

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ATTORNEYS FOR CHARITON  
VALLEY TELECOM CORPORATION

May 13, 2013



**STATE OF MISSOURI  
PUBLIC SERVICE COMMISSION**

At a session of the Public Service  
Commission held at its office in  
Jefferson City on the 1<sup>st</sup> day of  
May, 2013.

Application of Chariton Valley Telecom )  
Corporation for Designation as a )  
Telecommunications Carrier Eligible for )  
Federal Universal Service Support pursuant )  
to § 254 of the Telecommunications Act )  
of 1996 )

**File No. TA-2012-0128**

**ORDER GRANTING APPLICATION FOR DESIGNATION  
AS AN ELIGIBLE TELECOMMUNICATIONS CARRIER**

Issue Date: May 1, 2013

Effective Date: May 11, 2013

**Syllabus:** The Missouri Public Service Commission grants eligible telecommunications carrier ("ETC") status to Chariton Valley Telecom Corporation ("Chariton Valley") for the purpose of receiving Lifeline and high-cost support as a landline carrier in the Macon, Missouri exchange served by Spectra Communication Group, LLP.

**Procedural History**

On October 26, 2011, Chariton Valley applied to the Commission for designation as an eligible telecommunications carrier ("ETC"), for the purpose of receiving Lifeline and high-cost support as a landline carrier in the Macon, Missouri exchange served by Spectra Communication Group, LLP.

Staff filed its Recommendation on April 9, 2013, requesting that the Commission grant Chariton Valley the requested relief. No parties responded to Staff's pleading.

Exhibit A

## **Discussion**

The application is within the Commission's jurisdiction to decide.<sup>1</sup> Because no party objects to Chariton Valley's application, no evidentiary hearing is required.<sup>2</sup> Thus, the Commission deems the hearing waived<sup>3</sup>, and bases its findings on the verified filings, and makes its conclusions as follows.

Chariton Valley is a Missouri corporation. It is a competitive local exchange carrier and holds a certificate of service authority to provide basic local exchange services in its service area. Within the last three years before the application's filing, no pending action or final unsatisfied judgment or decision, involving customer service or rates, has occurred in any state or federal agency or court against Chariton Valley, and Chariton Valley has no overdue annual report or assessment fees.

The federal Universal Service Fund was established in the Telecommunications Act of 1996. The stated purpose of the fund is to ensure that telephone customers in rural and high cost areas, as well as low-income customers, have access to quality telecommunications services at reasonable and affordable rates.<sup>4</sup> To meet that goal, the Universal Service Fund redistributes money paid into the fund by telecommunications customers to telecommunications service providers who serve rural and high cost parts of the country. Before a telecommunications service provider is eligible to receive funding from the Universal Service Fund, it must be designated as an Eligible Telecommunications Company, referred to by the acronym ETC.

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<sup>1</sup> 47 U.S.C. § 214(e)(2).

<sup>2</sup> *State ex rel. Rex Deffenderfer Ent., Inc. v. Public Serv. Com'n*, 776 S.W.2d 494 (Mo.App. 1989).

<sup>3</sup> Section 536.060, RSMo 2000.

<sup>4</sup> 47 U.S.C. 254(b).

The Telecommunications Act established two factual criteria for determining whether an applicant may be designated as an ETC. First, the applicant must offer the services that are supported by the Universal Service Fund throughout the service area for which the designation is received.<sup>5</sup> The applicant can offer those services either through its own facilities, or a combination of its own facilities and the resale of another carrier's services. Second, the applicant must advertise the availability of such services and the charges therefore using media of general distribution.<sup>6</sup>

Staff further states that on November 18, 2011, the Federal Communications Commission ("FCC") issued a Report and Order in which the federal Universal Service Fund ETC criteria have been changed.<sup>7</sup> Staff states that the Commission must also determine that the granted ETC status will not result in "cream-skimming".<sup>8</sup> Staff recommends that Chariton Valley's analysis is sufficient to establish that granting ETC status will not result in cream-skimming.

The Commission finds the allegations in the Application and its supplements, and Staff's Memorandum and Recommendation to be true. The Commission may grant Chariton Valley eligible telecommunications carrier designation if it offers the services set out in Section 254 of the Act and if it advertises the availability of those services using

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<sup>5</sup> 47 CFR 54.101(a) (which requires ETCs to offer (1) Voice grade access to the public switched network; (2) Local usage; (3) Dual tone multi-frequency signaling or its functional equivalent; (4) Single-party service or its functional equivalent; (5) Access to emergency services; (6) Access to operator services; (7) Access to interexchange service; (8) Access to directory assistance; (9) Toll limitation for qualifying low-income consumers; and (10) Access to telecommunications relay services by dialing 711.

<sup>6</sup> 47 U.S.C. 214(e)(1).

<sup>7</sup> Report and Order and Further Notice of Proposed Rulemaking, WC Docket No. 10-90 et al., FCC 11-161 (issued November 18, 2011).

<sup>8</sup> A cream-skimming analysis is to be conducted when an applicant seeks ETC designation below the study area level of a rural telephone company. Cream-skimming occurs when competitors seek to serve only the low-cost, high revenue customers in a rural telephone company's study area.

media of general distribution.<sup>9</sup> The Commission finds that Chariton Valley has met those requirements. Therefore, the Commission will designate Chariton Valley as an eligible telecommunications carrier.

**THE COMMISSION ORDERS THAT:**

1. Chariton Valley Telecom Corporation is designated as an eligible telecommunications carrier for the purpose of receiving Lifeline and high-cost support throughout the Macon, Missouri exchange served by Spectra Communications Group, LLP. under the provisions of 47 U.S.C. §§ 214 and 254.

2. Granting Chariton Valley Telecom Corporation eligible telecommunications carrier status will not result in cream-skimming.

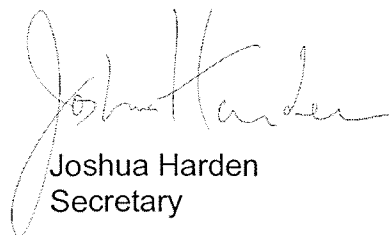
3. Chariton Valley Telecom Corporation is authorized to receive Missouri Universal Service Fund support.

4. Chariton Valley Telecom Corporation shall advertise the availability of Lifeline services using media of general distribution, in compliance with 47 U.S.C § 214(e)(1).

5. This order shall become effective on May 11, 2013.

6. This case shall be closed on May 12, 2013.

**BY THE COMMISSION**



Joshua Harden  
Secretary

R. Kenney, Chm., Jarrett, Stoll,  
and W. Kenney, CC., concur.

Pridgin, Senior Regulatory Law Judge

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<sup>9</sup> 47 U.S.C. § 214(e)(1), (2).

**BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI**

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| Application of Chariton Valley Telecom        | ) |                                     |
| Corporation for Designation as a              | ) |                                     |
| Telecommunications Carrier Eligible for       | ) | <b><u>File No. TA-2012-0128</u></b> |
| Federal Universal Service Support pursuant to | ) |                                     |
| § 254 of the Telecommunications Act of 1996   | ) |                                     |

**STAFF RECOMMENDATION**

COMES NOW the Staff of the Missouri Public Service Commission and for its Recommendation, states as follows:

1. On October 26, 2011, Chariton Valley Telecom Corporation ("the Company") applied for designation as an Eligible Telecommunications Carrier throughout the exchange of Macon, Missouri served by Spectra Communication Group, LLP.

2. On November 18, 2011, the Federal Communications Commission ("FCC") issued a Report and Order in which the federal Universal Service Fund eligible telecommunications carrier criteria have been changed.

3. After extended analysis, summarized in the attached memorandum, the Staff recommends that the requested designation be granted. In addition to the usual criteria, the Commission must make a determination that the granted ETC status will not result in "cream-skimming." The Company submitted the following analysis, which the Staff recommends that the Commission find sufficient to establish that granting the requested ETC status will not result in cream-skimming:

1. 47 USC 214 (e) (2) confers primary responsibility upon the Missouri Public Service Commission to make eligible telecommunications carrier (ETC) determinations. ETC designations are to specify the service areas so designated for that ETC. 47 CFR 54.201 (b).

2. 47 USC 214 (e) (5) defines the service area of a rural telephone company to be its study area, unless and until the FCC and states, taking into account the recommendations of the Federal-State Joint Board, established a different definition, or "service area redefinition". 47 CFR 54.207 (a).

3. 47 CFR 54.201(c) permits the Missouri Public Service Commission to designate more than one ETC in an area served by a rural telephone company.

4. In designating an ETC to be in the public interest, 47 CFR 202 (c) requires consideration of the benefits of increased consumer choice, the unique advantages or disadvantages of the applicant's service offerings. Where an applicant seeks ETC designation below the study area level of a rural telephone company, a "cream-skimming" analysis is to be conducted, as well as consideration of other factors such as disaggregation of support under 47 CFR 54.315, and "redefine" the service area for purposes of the ETC's designation. Rural cream-skimming occurs when competitors seek to serve only the low-cost, high revenue customers in a rural telephone company's study area.

5. Federal universal service high cost support for rural carriers is averaged across all lines in a study area. Support on a per-line basis is the same throughout the study area, even though the costs of serving customers will likely vary. As a result, support in low-cost areas of a study area may exceed the cost of serving those areas while support in high-cost areas may be insufficient to offset the higher cost of serving those areas. Because USF support was then portable<sup>1</sup> to ETCs, concerns arose as to the possibility of arbitrage of universal support, and as to the existence of portable USF support creating uneconomic incentives for competitive entry. The purpose of a cream-skimming analysis is to address these concerns.

6. 47 CFR 54.315 provided for disaggregation and targeting of federal USF support. The Federal-State Board on Universal Service recommended rule changes to the FCC that included disaggregation plans. The FCC adopted these recommendations in part, and three paths or types of disaggregation plans were established in 54.315.<sup>2</sup> The purpose of the disaggregation plans was also to address or alleviate the cream-skimming/uneconomic incentive concerns by allocating different levels of support, or "cost zones" within a wire center.

7. On November 18, 2011 the FCC released its Report and Order restructuring federal USF support and Intercarrier Compensation, the "Transformation Order".<sup>3</sup> The Transformation Order restructured USF. Part of the restructuring was the elimination of the "identical support" rule by which CLECs and CMRS providers designated as ETCs received or "ported" the same amount of USF support as received by the incumbent local exchange carrier under as set forth in its disaggregation plan. Rule 54.202, which had required the cream-skimming analysis, was changed to no longer require consideration of disaggregation plans. Rule 54.315, which required disaggregation plans, was eliminated. Although these changes could be have been interpreted to eliminate

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<sup>1</sup>High cost USF support will no longer be portable after the FCC's November 18, 2011 USF Transformation Order. See footnote 3 below. CLECs receiving support, or disaggregated support, under the "identical support" rule, will have that support phased out and eliminated over 5 years.

<sup>2</sup> May 23, 2001 Fourteenth Report and Order, Twenty-Second Order on Reconsideration, CC Docket No. 96-45, et al., FCC 01-157, at pages 1-7, 57-64, in particular ¶¶144-160.

<sup>3</sup>November 8, 2011 Report and Order and Further Notice of Proposed Rulemaking, WC Docket No. 10-90 et al., FCC 11-161.

the cream-skimming analysis, ¶ 1097 of the Transformation Order suggests that the existing ETC service area redefinition procedures, backstopped by the availability of forbearance, provide an appropriate case-by-case framework to address these issues in the near term.

8. ETC applicant Chariton Valley Telecom Corporation requests ETC designation for the exchange of Macon, Missouri, and a redefinition of its service area limited to the exchange of Macon.

9. Macon is an exchange served by Spectra Communications Group, LLC. Macon is one of 107 wire centers included within Spectra's study area number 421151.

10. Several ETCs have been designated for Macon, in addition to Spectra Communications Group. The wireless ETCs for Macon include Missouri RSA 5 Partnership and US Cellular. These wireless ETCs have obtained service area redefinitions that have included Macon and other limited portions of Spectra's study area 421151. CLEC Mark Twain Communications Company has been designated an ETC for 3 exchanges within Spectra's study area, Ewing, LaBelle, and Lewiston.

11. Chariton Valley Telecom was incorporated in the State of Missouri September 24, 2001. The Missouri Public Service Commission granted a Certificate of Service Authority to Provide Basic Local Exchange Service, Local Exchange Service, and Exchange Access Service on June 14, 2002 under Case No. TA-2002-238. Chariton Valley Telecom is certificated to provide service in the large local exchange carrier exchanges of Southwestern Bell Telephone Company, Sprint Missouri, Inc., Verizon, Spectra, and Alltel. Chariton Valley Telecom has tariffs on file with the Missouri Public Service Commission and the FCC. Chariton Valley Telecom has approved interconnection agreements with Spectra and AT&T Missouri.

12. In 2003 Chariton Valley Telecom invested tens of millions of dollars in the Macon community by placing Missouri's first underground fiber-to-the-premise (FTTP) overbuild using passive optical network (PON) technology. The network consists of four (4) fiber nodes with fiber buried to most business and residential locations within the Macon city limits, using IP technology. CV Telecom provides advanced voice and broadband services over this FTTP network via a "soft switch". Construction of this network was accomplished without receipt of federal USF support.

13. Within the city of Macon, Chariton Valley Telecom has constructed fiber optic cable routes past every residence and business location, both those served by Chariton Valley Telecom and those served by Spectra. Chariton Valley did not target large revenue businesses only. Fiber drops have been placed to every residence and business location that gave Chariton Valley Telecom permission to do so. With respect to the majority of potential customers in the Macon exchange, Chariton Valley Telecom presently has the ability to provide service to these customers within a reasonable time of their request for service.

With respect to customers in the exchange outside the city limits of Macon, Chariton Valley Telecom does have some fiber facilities going to, or passing by, particular customer locations. Where CVT does not have a readily accessible fiber facility, it has or can provide broadband services via the deployment of wireless technologies.

14. As a result of Chariton Valley Telecom's deployment of these facilities, customers in Macon have the advantage of being able to select broadband-based voice, video, and data services. A significant advantage of Chariton Valley Telecom service is that it is deployed over fiber. Fiber possesses bandwidth capacities enabling voice, data, and video to be deployed over a single facility to the customer. Not only does fiber provide greater bandwidth capacities than copper, it is less susceptible to quality of service issues. Customers in Macon can choose from a menu of services from multiple providers. At one extreme, customers can stay with voice-only telephone service provided by Spectra over copper facilities. At the other extreme, customers can obtain their choice as to voice, video, and/or data services provided over fiber.

15. Chariton Valley Telecom's parent, Chariton Valley Telephone Corporation, is a small rural member-owned ILEC. It serves eighteen exchanges to the north, west, and south sides of the Macon exchange. It serves the exchanges of Atlanta, Bevier, Excello, and Jacksonville that abut Macon on the north, west, and south. Macon lies within Chariton Valley Telephone member's communities of interest. Both Chariton Valley Telephone and Chariton Valley Telecom have created expanded calling plans that include Macon and the surrounding exchanges within each other's local calling scopes.

16. On May 22, 2002, pursuant to 47 CFR 54.315, Spectra filed a self-certified "path 3" disaggregation plan with the Missouri Public Service Commission for Spectra's study area 421151. Spectra's study area 421151 included 107 exchanges (wire centers), located in portions of southwest Missouri, south central Missouri, northwest Missouri, northeast Missouri. 13 of these exchanges, including Macon, were designated "Zone 1" exchanges, and the other 94 exchanges were designated "Zone 2" exchanges. For Zone 1 exchanges designated ETCs could collect \$3.59 per line per month in USF support. For Zone 2 exchanges the amount was \$15.21 per line per month. The Zone 1 exchanges range from 947 to 7,252 access lines. The Zone 2 exchanges range from 57 to 4,786 access lines. There is overlap in exchange densities of the two zones. In one extreme a 947 line exchange is a Zone 1 "low cost" exchange. In another extreme a 4,786 line exchange is a Zone 2 "high cost" exchange.

17. Spectra's disaggregation plan did not disaggregate below the wire center level. It disaggregated above the wire center level at the study area level. The FCC Order creating the disaggregation paths, at paragraph 151, indicated Path 3 self-certifying carriers could choose a plan of up to two cost zones per wire center, or a different plan that complied with a prior regulatory determination. There was no such prior regulatory determination. 47 CFR 54.315 (d) (1) (i) seems to allow disaggregation to the wire center level, which may conflict with paragraph 151 of the FCC Order. It appears that Spectra's disaggregation plan,



which disaggregated an entire study area covering 107 wire centers into two zones, one with 13 entire wire centers, and one with 94 wire centers, scattered within several clusters of wire centers separated from one another, may be non-compliant.

18. Mark Twain Communications Company entered Spectra's study area as a competitor, and was designated an ETC for three exchanges in northeast Missouri on June 5, 2000. This was prior to the May 22, 2002 date on which Spectra self-certified its path 3 disaggregation plan. The FCC Order creating the disaggregation paths, at ¶ 155, had determined that path 3 self-certification was not available where an ETC had been designated prior to the effective date of 47 CFR 54.315, June 5, 2001.<sup>4</sup> It appears Spectra's disaggregation plan was not eligible for self-certification under path 3.

19. Assuming *arguendo* that Spectra's path was compliant, it is difficult to see any circumstance in which a competitor would choose to complete in the entirety of study area 421151, thereby avoiding the cream-skimming analysis. Such a competitor would have to overbuild or resell Spectra's facilities in nine separate clusters of exchanges centered around the following exchanges "central" to each cluster: Potosi, Mountain Grove, Mount Vernon, El Dorado Springs, Concordia, Brunswick, Canton, Monroe City, and Macon. These clusters are remote from one another. There is no apparent relationship between the separate clusters, other than acquisition by Spectra. The FCC's disaggregation concept makes intuitive sense for study areas of contiguous exchanges with common geographical or trade center interests. It makes no sense when applied to Spectra's disaggregation zones. If the disaggregation plan divided the Macon exchange into two zones, one for the Macon city limits, and the other for the portions of the exchange outside the city limits, that would make sense. Combining Macon, Aurora, Savannah, Cameron, Mount Vernon, Concordia, Mountain Grove, Canton, Palmyra, Monroe City, Potosi, Brunswick, and Kahoka into a single Zone 1, makes no sense from a competition standpoint. Combining the other 94 exchanges as a single Zone 2 makes no sense, from a competition standpoint. Spectra's disaggregation plan is of little to no assistance in performing the public interest analysis of 47 CFR 54.202 (c).

20. Chariton Valley Telephone decided to create Chariton Valley Telecom as a CLEC to compete with Spectra in Macon only, and not in any other Spectra exchanges. Under Spectra's disaggregation plan and the identical support rule in place in 2003, Chariton Valley knew it could only receive \$3.59 per line month in USF, whereas if Chariton Valley had served in other Spectra exchanges it could have received \$15.31 per line per month. Macon was chosen in spite of its comparatively smaller support amount available, not because of it. If Chariton Valley wanted to arbitrage portable USF funds, it would have chosen Zone 2 exchanges, not Macon. Chariton Valley Telecom did not seek to serve in Macon because portable federal USF revenues provided uneconomic incentives for competitive entry. Rural cream-skimming occurs when competitors seek to serve

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<sup>4</sup> Cited in footnote 2, *supra*.

only the low-cost, high revenue customers in a rural telephone company's study area.

21. An evaluation of the population densities of Macon compared to the densities of other wire centers will serve no useful purpose for the cream-skimming analysis.

22. The grant of ETC designation to Chariton Valley Telecom will not unduly burden the Universal Service Fund.

23. The grant of ETC designation to Chariton Valley Telecom will not undercut Spectra's ability to serve the entirety of study area 421151.

24. Chariton Valley's proposed redefinition of its service area to the Macon exchange for purposes of its ETC designation is granted.

**WHEREFORE**, the Staff recommends that the Commission grant the requested ETC designation and find that granting such designation will not result in cream-skimming as provided in federal law.

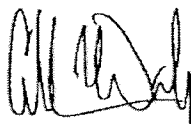
Respectfully submitted,



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#### **CERTIFICATE OF SERVICE**

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile or electronically mailed to all counsel of record this 9<sup>th</sup> day of April, 2013.



# MEMORANDUM

To: Official Case File  
Case No. TA-2012-0128  
Company Name: Chariton Valley Telecom Corporation

From: Dana Parish  
Telecommunications Unit

John Van Eschen (4/8/13) Cully Dale (4/8/13)  
Telecommunications Unit Staff Counsel's Office

Subject: Staff's Recommendation to Grant ETC Status

Date: 4/8/13

|  |   |
|--|---|
| <b>Date ETC application was filed:</b> | 10/26/11 <i>(Note: The applicant and Staff mutually agreed to delay processing the application in order to evaluate the FCC's November 2011 USF reform decision.)</i> |
|--|---|

|                                |                                     |
|--------------------------------|-------------------------------------|
| <b>Full name of Applicant:</b> | Chariton Valley Telecom Corporation |
|--------------------------------|-------------------------------------|

The Commission Staff (Staff) has reviewed the Company's ETC application and responses to Staff data requests.

| <b>Basic Information Regarding Applicant</b> <i>(check as appropriate)</i> |                |   |                |   |
|--|----------------|---|----------------|---|
| <b>Applicant's technology is:</b>  | Landline       | X | Wireless       |   |
| <b>Applicant meets facility-based requirements?</b>                        | Facility-Based | X | Reseller       |   |
| <b>If reseller, FCC has approved Lifeline compliance plan?</b>             | Yes            |   | Not applicable | X |
| <b>Applicant's Lifeline service fees:</b>                                  | Monthly Fee    | X | Free           |   |

In Staff's opinion the Company has adequately met all ETC application requirements identified in Attachment A. Staff recommends the Commission grant ETC status to the Company, applicable only to the full name of the applicant as indicated above. The Staff further recommends the Commission's order also indicate the ETC designation is subject to the following information

| <b>Purpose for Receiving ETC Status</b>               | <i>(check "X" as appropriate)</i> |
|---|-----------------------------------|
| Solely for the purpose of receiving Lifeline support. |                                   |
| Purpose of receiving Lifeline and high-cost support.  | X                                 |

| <b>Proposed Service Area</b> |           |
|------------------------------|-----------|
| State-wide                   |           |
| Other <i>(describe)</i>      | Macon, MO |

|   |     |   |    |  |
|---|-----|---|----|--|
| <b>If ETC status is granted should applicant be authorized by the MoUSF Board to receive MoUSF support?</b> | Yes | X | No |  |
|---|-----|---|----|--|

|   | Checklist Items  | Citation   |   |  |           |  |
|---|--|--|---|--|-----------|--|
| Basic Application Requirements  | <p>Complies with application requirements in 4 CSR 240-2.060 specifically:</p> <ul style="list-style-type: none"> <li>• Proper authorization from Missouri Secretary of State.</li> <li>• Contact information.</li> <li>• Provides statement indicating whether applicant has any pending action of final unsatisfied judgments against them by a state or federal agency or court involving customer service or rates within past 3 years.</li> <li>• Signed affidavit that verifies all information is true, accurate &amp; correct in the application.</li> </ul>   | Application  |   |  |           |  |
|   | <p><b>Is the applicant already certificated or registered by the Missouri PSC to provide local voice service in Missouri?</b> (check "X" in appropriate box below)</p> <table border="1"> <tr> <td>X</td> <td> <p><b>Yes.</b> If yes, the applicant must be compliant in:</p> <ul style="list-style-type: none"> <li>• Paying MoUSF assessment.</li> <li>• Paying MoPSC assessment.</li> <li>• Paying Relay MO assessment.</li> <li>• Annual report submissions.</li> </ul> </td> </tr> <tr> <td></td> <td><b>No,</b> the applicant is not certificated or registered by the Missouri PSC.</td> </tr> </table> |  | X   | <p><b>Yes.</b> If yes, the applicant must be compliant in:</p> <ul style="list-style-type: none"> <li>• Paying MoUSF assessment.</li> <li>• Paying MoPSC assessment.</li> <li>• Paying Relay MO assessment.</li> <li>• Annual report submissions.</li> </ul> |           | <b>No,</b> the applicant is not certificated or registered by the Missouri PSC.        |
|   | X  | <p><b>Yes.</b> If yes, the applicant must be compliant in:</p> <ul style="list-style-type: none"> <li>• Paying MoUSF assessment.</li> <li>• Paying MoPSC assessment.</li> <li>• Paying Relay MO assessment.</li> <li>• Annual report submissions.</li> </ul> |   |  |           |  |
|   |  | <b>No,</b> the applicant is not certificated or registered by the Missouri PSC.  |   |  |           |  |
|   | <p><b>Has the Missouri PSC already granted ETC status to the company?</b></p> <table border="1"> <tr> <td></td> <td><b>Yes.</b> If yes, cite the case and in space below explain the current ETC status of the company:</td> </tr> <tr> <td>X</td> <td><b>No,</b> the applicant has not previously received ETC status from the Missouri PSC.</td> </tr> </table>  |  |   | <b>Yes.</b> If yes, cite the case and in space below explain the current ETC status of the company:  | X         | <b>No,</b> the applicant has not previously received ETC status from the Missouri PSC. |
|   | <b>Yes.</b> If yes, cite the case and in space below explain the current ETC status of the company:  |  |   |  |           |  |
| X   | <b>No,</b> the applicant has not previously received ETC status from the Missouri PSC.   |  |   |  |           |  |
|   |  |  |   |  |           |  |
|   |  |  |   |  |           |  |
| Disciplinary History  | <p>Identifies any individual or entity having a 10% or more ownership interest in the applicant, and all managers, officers and directors or any person exerting managerial control over applicant's day-to-day operations, policies, service offerings and rates.</p>   | DR 002, #15  |   |  |           |  |
|   | <p><b>Does the Applicant share common ownership or management with other companies?</b> (check appropriate box below)</p> <table border="1"> <tr> <td>X</td> <td><b>Yes</b></td> </tr> <tr> <td></td> <td><b>No</b></td> </tr> </table>  | X  | <b>Yes</b>  |  | <b>No</b> | DR 002, #16  |
|   | X  | <b>Yes</b>   |   |  |           |  |
|   | <b>No</b>  |  |   |  |           |  |
| <p><b>If yes, provide the following information:</b></p> <table border="1"> <tr> <th>Companies with common ownership or management:</th> <th>Indicate if identified company has ever received federal or state USF funding.</th> </tr> <tr> <td> <ul style="list-style-type: none"> <li>• Chariton Valley Telephone Corp.</li> <li>• Missouri RSA 5 Partnership d/b/a Chariton Valley Wireless Services</li> </ul> </td> <td> <ul style="list-style-type: none"> <li>• Yes</li> <li>• Yes</li> </ul> </td> </tr> </table> | Companies with common ownership or management:   | Indicate if identified company has ever received federal or state USF funding.   | <ul style="list-style-type: none"> <li>• Chariton Valley Telephone Corp.</li> <li>• Missouri RSA 5 Partnership d/b/a Chariton Valley Wireless Services</li> </ul> | <ul style="list-style-type: none"> <li>• Yes</li> <li>• Yes</li> </ul>   |           |  |
| Companies with common ownership or management:  | Indicate if identified company has ever received federal or state USF funding.   |  |   |  |           |  |
| <ul style="list-style-type: none"> <li>• Chariton Valley Telephone Corp.</li> <li>• Missouri RSA 5 Partnership d/b/a Chariton Valley Wireless Services</li> </ul>   | <ul style="list-style-type: none"> <li>• Yes</li> <li>• Yes</li> </ul>   |  |   |  |           |  |

|  |   |                                     |   |                 |  |   |  |  |                    |  |   |  |
|--|---|-------------------------------------|---|-----------------|--|---|--|--|--------------------|--|---|--|
|  | <p><b>Have any matters been brought forth within the last ten years by any state, federal regulatory or law enforcement agency against the applicant or against any person or entity that holds more than 10% ownership interest in the applicant? (check appropriate box below)</b></p>  |                                     | <p>DR 002, #17<br/>DR 002.1, #1<br/>Exhibit 1-4</p> |                 |  |   |  |  |                    |  |   |  |
|  | <table border="1"> <tr> <td></td><td><b>No.</b></td></tr> <tr> <td><b>X</b></td><td> <p><b>Yes.</b> If yes, provide below the following information for each matter (date, agency and general description of the matter):</p> <ul style="list-style-type: none"> <li>In June 2009, USAC hired an accounting firm to audit the Federal USF High Cost receipts of affiliate Chariton Valley Telephone Corp. June 2010, that firm challenged Chariton Valley's cost allocation methods. USAC adopted the findings. Chariton Valley appealed the findings September 2010; but was later denied by USAC. Chariton Valley filed an appeal December 10, 2012. To date, a final ruling in the case has not been made.</li> </ul> </td></tr> </table>  |                                     |   | <b>No.</b>      | <b>X</b>   | <p><b>Yes.</b> If yes, provide below the following information for each matter (date, agency and general description of the matter):</p> <ul style="list-style-type: none"> <li>In June 2009, USAC hired an accounting firm to audit the Federal USF High Cost receipts of affiliate Chariton Valley Telephone Corp. June 2010, that firm challenged Chariton Valley's cost allocation methods. USAC adopted the findings. Chariton Valley appealed the findings September 2010; but was later denied by USAC. Chariton Valley filed an appeal December 10, 2012. To date, a final ruling in the case has not been made.</li> </ul> |  |  |                    |  |   |  |
|  | <b>No.</b>  |                                     |   |                 |  |   |  |  |                    |  |   |  |
| <b>X</b>   | <p><b>Yes.</b> If yes, provide below the following information for each matter (date, agency and general description of the matter):</p> <ul style="list-style-type: none"> <li>In June 2009, USAC hired an accounting firm to audit the Federal USF High Cost receipts of affiliate Chariton Valley Telephone Corp. June 2010, that firm challenged Chariton Valley's cost allocation methods. USAC adopted the findings. Chariton Valley appealed the findings September 2010; but was later denied by USAC. Chariton Valley filed an appeal December 10, 2012. To date, a final ruling in the case has not been made.</li> </ul>   |                                     |   |                 |  |   |  |  |                    |  |   |  |
| Service Provisioning   | <p><b>Adequately explains the applicant's proposed service. Basic service characteristics:</b></p> <table border="1"> <tr> <td>(check applicable boxes)</td><td><b>Wireless</b></td><td><b>Landline</b></td></tr> <tr> <td><b>No charge</b></td><td></td><td></td></tr> <tr> <td><b>Monthly Fee</b></td><td></td><td>X</td></tr> </table> <p><b>If applicant intends to offer a free wireless Lifeline service the applicant has adequately explained:</b></p> <ul style="list-style-type: none"> <li>How the company will ensure USF is not received until the subscriber activates the service.</li> <li>How the company will ensure support will only be received if the subscriber has used the service sometime during a 60 consecutive day time period.</li> <li>Subscriber will be de-enrolled if fails to use the service for 60 consecutive days.</li> </ul> |                                     | (check applicable boxes)                            | <b>Wireless</b> | <b>Landline</b>  | <b>No charge</b>  |  |  | <b>Monthly Fee</b> |  | X | <p>DR 002, #26 &amp; Exhibit 1 &amp; 3</p> |
| (check applicable boxes)   | <b>Wireless</b>   | <b>Landline</b>                     |   |                 |  |   |  |  |                    |  |   |  |
| <b>No charge</b>   |   |                                     |   |                 |  |   |  |  |                    |  |   |  |
| <b>Monthly Fee</b>   |   | X                                   |   |                 |  |   |  |  |                    |  |   |  |
| <p><b>Applicant's proposed service area is adequately described.</b></p>   |   | <p>DR 002, #2 &amp; Application</p> |   |                 |  |   |  |  |                    |  |   |  |
| <p><b>Does the applicant qualify as a facility-based provider?</b></p> <table border="1"> <tr> <td><b>X</b></td><td><b>Yes.</b> If yes, describe general facilities:</td></tr> <tr> <td></td><td> <p><b>No.</b> If no then ensure:</p> <ul style="list-style-type: none"> <li>FCC has <u>approved</u> company's compliance plan.</li> <li>Applicant has ensured customers will have access to 911 services.</li> </ul> </td></tr> </table> |   | <b>X</b>                            | <b>Yes.</b> If yes, describe general facilities:    |                 | <p><b>No.</b> If no then ensure:</p> <ul style="list-style-type: none"> <li>FCC has <u>approved</u> company's compliance plan.</li> <li>Applicant has ensured customers will have access to 911 services.</li> </ul> | <p>DR 002, #3</p>   |  |  |                    |  |   |  |
| <b>X</b>   | <b>Yes.</b> If yes, describe general facilities:  |                                     |   |                 |  |   |  |  |                    |  |   |  |
|  | <p><b>No.</b> If no then ensure:</p> <ul style="list-style-type: none"> <li>FCC has <u>approved</u> company's compliance plan.</li> <li>Applicant has ensured customers will have access to 911 services.</li> </ul>  |                                     |   |                 |  |   |  |  |                    |  |   |  |
| <p><b>Advertising commitments.</b></p> <ul style="list-style-type: none"> <li>Provides a statement certifying the company will advertise the availability of its</li> </ul>  |   | <p>DR 002, #4<br/>Exhibit 1</p>     |   |                 |  |   |  |  |                    |  |   |  |

|   |   |                             |                             |  |                                   |             |            |
|---|---|-----------------------------|-----------------------------|--|-----------------------------------|-------------|------------|
|   | <p>supported service.</p> <ul style="list-style-type: none"> <li>Provides reasonable explanation of how the applicant will advertise.</li> <li>If advertising by direct mail the company has provided a reasonable explanation of how it will target these mailings.</li> <li><b>Were Missouri-specific advertising examples provided?</b></li> </ul> <table border="1"> <tr> <td>X</td><td>Yes</td></tr> <tr> <td></td><td>No</td></tr> </table> | X                           | Yes                         |  | No                                |             |            |
| X   | Yes   |                             |                             |  |                                   |             |            |
|   | No  |                             |                             |  |                                   |             |            |
| Demonstrates can remain functional in emergency situations.   | DR 002, #6  |                             |                             |  |                                   |             |            |
| Provides statement will satisfy applicable consumer protection, consumer privacy and service quality standards and provides a reasonable list of applicable standards. <i>(Wireless applicants must agree to comply with Cellular and Internet Assoc.'s Consumer Code for Wireless Service.)</i>  | DR 002, #7  |                             |                             |  |                                   |             |            |
| <p><b>Will applicant maintain information about service provisioning and rates in a (check appropriate box below):</b></p> <table border="1"> <tr> <td><b>Tariff</b></td><td>X</td></tr> <tr> <td><b>Informational Filing</b></td><td></td></tr> <tr> <td><b>Website (indicate website)</b></td><td></td></tr> </table>                   | <b>Tariff</b>   | X                           | <b>Informational Filing</b> |  | <b>Website (indicate website)</b> |             | DR 002, #8 |
| <b>Tariff</b>   | X   |                             |                             |  |                                   |             |            |
| <b>Informational Filing</b>   |   |                             |                             |  |                                   |             |            |
| <b>Website (indicate website)</b>   |   |                             |                             |  |                                   |             |            |
| <p>Provides a reasonable explanation of:</p> <ul style="list-style-type: none"> <li>How the applicant intends to provide service throughout the proposed service area, including whereby the applicant lacks facilities or network coverage.</li> <li>How service will be provided in a timely manner to requesting customers.</li> </ul> | DR 002, #3 & #10  |                             |                             |  |                                   |             |            |
| Commits to maintain a record of complaints, including an agreement to make such records available upon request to the commission staff.   | DR 002, #11   |                             |                             |  |                                   |             |            |
| Commits to remit required, collected 911 revenues to local authorities.   | DR 002, #12   |                             |                             |  |                                   |             |            |
| Lifeline/Disabled Program   | Provides a reasonable demonstration the applicant is financially viable and technically capable of providing voice telephony service.   | DR 002, #13 & Application   |                             |  |                                   |             |            |
|   | <p><b>Does the applicant intend to provide access to directory assistance services, operator services and interexchange services?</b></p> <table border="1"> <tr> <td>X</td><td>Yes</td></tr> <tr> <td></td><td>No</td></tr> </table>   | X                           | Yes                         |  | No                                | DR 002, #14 |            |
| X   | Yes   |                             |                             |  |                                   |             |            |
|   | No  |                             |                             |  |                                   |             |            |
| Certifies all Lifeline funding will flow through to the subscriber.   | DR 002, #23   |                             |                             |  |                                   |             |            |
|   | Commits to conduct business only through the name identified in the application and will not use any additional service or brand names. <i>(If company's name includes a d/b/a name then the company can either use the company's full name and/or the d/b/a name. For instance "ABC Company d/b/a Company W" can use that full name or simply "Company W". The company cannot solely use the parent name "ABC Company" or a name</i>             | DR 002, #19<br>DR 002.1, #3 |                             |  |                                   |             |            |

|  |   |                             |
|--|---|-----------------------------|
| <i>different from d/b/a name.)</i>   |   |                             |
| Commits to comply with all requirements associated with the Lifeline program contained in 47 CFR Part 54 Subpart E.  |   | DR 002, #20                 |
| Commits to comply with all Lifeline requirements established by the Missouri PSC even if solely funded by federal USF.   |   | DR 002, #21                 |
| <b>Will the applicant seek support from the MoUSF?</b> <i>(check appropriate box below)</i>  |   | DR 002, #22                 |
| <input checked="" type="checkbox"/> X  | <b>Yes.</b> If yes, ensure applicant only seeks MoUSF for landline service. |                             |
| <input type="checkbox"/>   | <b>No.</b>  |                             |
| <b>Does applicant intend to participate in the Disabled program?</b> <i>(check appropriate box below)</i>  |   | DR 002, #22                 |
| <input checked="" type="checkbox"/> X  | <b>Yes.</b> If yes, ensure applicant only seeks MoUSF for landline service. |                             |
| <input type="checkbox"/>   | <b>No.</b>  |                             |
| Adequately demonstrates how the applicant will ensure that the full amount of Lifeline or Disabled support will be passed through to the qualifying low-income consumer.   |   | DR 002, #23<br>DR 002.1, #2 |
| Commits to use only a board approved Lifeline or Disabled application form.  |   | DR 002, #24                 |
| Adequately explains how the applicant will initiate Lifeline or Disabled service to a subscriber. Explanation should include how company will ensure: <ul style="list-style-type: none"> <li>• The subscriber meets eligibility requirements.</li> <li>• The subscriber's identity and address are correct.</li> <li>• Only one Lifeline or Disabled discount is provided to a household.</li> </ul> |   | DR 002, #25<br>Exhibit 2    |
| Adequately explains how the applicant intends to annually verify a customer's continued eligibility for the Lifeline or Disabled program, including what action will be taken if a subscriber fails to adequately respond or is no longer eligible for support.  |   | DR 002, #27<br>& Exhibit 3  |
| <b>Use of independent contractors to sign-up Lifeline subscribers</b> <i>(check appropriate box below):</i>  |   | DR 002, #28                 |
| Intends to use independent contractors to sign-up Lifeline subscribers. If so then applicant also commits to take full responsibility for these contractors.   |   |                             |
| Does not intend to use independent contractors.  |   |                             |
| Adequately demonstrates how it will monitor its employees, agents or contractor to ensure they comply with all applicable laws and rules concerning Lifeline or Disabled Programs.   |   | DR 002, #28                 |
| Commits to notify the commission of any changes to company contact information.  |   | DR 002, #29                 |
| Provides statement the applicant complies with all reporting and assessment requirements (if certificated or registered with the commission).  |   | DR 002, #30                 |
| Provides statement the applicant is compliant with contribution obligations to the FUSF.   |   | DR 002, #31                 |

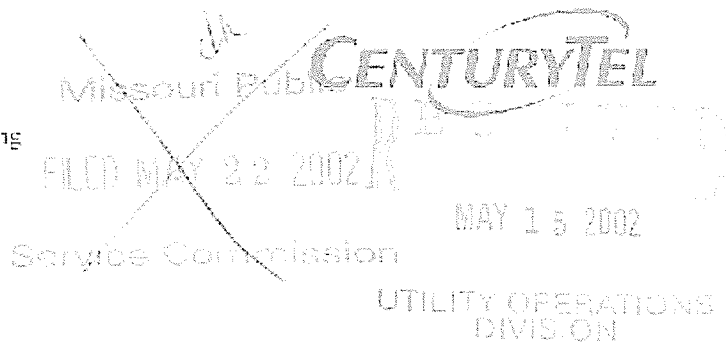
|  |  |  |                |
|--|--|--|----------------|
|  | <b>FCC waivers</b> ( <i>check appropriate box below</i> ): |  | DR 002,<br>#32 |
| Applicant has obtained waivers from FCC of certain ETC requirements and provided a copy of the FCC's decision. |  |  |                |
| Applicant has not sought any waivers from the FCC regarding ETC requirements.                                  | X  |  |                |



| Additional requirements if seeking ETC status to receive federal high-cost support   |   | Staff Review                         |
|--|---|--------------------------------------|
| Commits to comply with all requirements in 47 CFR Part 54, Subpart C.  |   | DR 002, #33                          |
| Provides adequate explanation of how granting ETC status is in the public interest.  |   | DR 002, #34                          |
| Provides a five-year plan describing specific proposed improvements or upgrades to the applicant's network throughout its proposed service area including detailed descriptions of any construction plans with start/end dates, populations affected by the construction plans, existing tower site locations for wireless cell towers, estimated budget amounts, as well as demonstrates the universal service support shall be used to improve coverage, service quality or capacity throughout the Missouri service area. |   | DR 002, #35<br>Application, Att. B   |
| Provides a detailed map of coverage area before and after improvements and in the case of wireless providers, a map identifying existing cell tower site locations.  |   | DR 002, #35                          |
| Provides the specific geographic areas where improvements will be made.  |   | DR 002, #35                          |
| Provides the projected start date and completion date for each improvement.  |   | DR 002, #35                          |
| Provides the estimated amount of investment for each project that is funded by high-cost support.  |   | DR 002, #35 &<br>Application, Att. B |
| Provides a reasonable estimate of the population that will be served as a result of the improvements.  |   | DR 002, #35                          |
| <b>Does the applicant believe that service improvements in a particular wire center or census block are not needed?</b> <i>(check appropriate box below)</i>   |   | DR 002, #35                          |
|  | <b>Yes.</b> If yes, then applicant must: <ul style="list-style-type: none"><li>• Provide a reasonable explanation for determining why service improvements are not needed for this area.</li><li>• Demonstrate how funding will otherwise be used to further the provision of supported services in the area.</li></ul> |                                      |
| X  | <b>No.</b>  |                                      |
| Provides adequate statement that the proposed plans would not otherwise occur absent the receipt of high-cost support and that such support will be used in addition to any expenses the ETC would normally incur.   |   | DR 002, #35                          |
| Provides a reasonable plan outlining the method for handling unusual construction or installation charges.   |   | DR 002, #36,<br>Exhibit 6            |
| Provides adequate statement the applicant will use the support only for the provision, maintenance and upgrading of facilities and services for which the support is intended.   |   | DR 002, #37                          |
| Provides adequate & reasonable description of how the applicant intends to monitor the company's quality of service.   |   | DR 002, #38                          |
| Provides adequate & reasonable description of how the applicant intends to monitor the company's timeliness of providing service.  |   | DR 002, #38                          |
| Provides adequate & reasonable description of how the applicant intends to monitor the company's timeliness of restoring out-of-service conditions.  |   | DR 002, #38                          |
| Provides adequate & reasonable description of how the applicant intends to monitor the company's the amount of trouble experienced with the applicant's service.   |   | DR 002, #38                          |
| Provides adequate & reasonable description of how the applicant intends to monitor the company's amount of outages experienced with the applicant's service.   |   | DR 002, #38                          |

May 10, 2002

Public Information Office, Governor Office Building  
200 Madison Street  
PO Box 360  
Jefferson City, MO 65102-0360  
Attn: Dale Hardy



Re: Certification of Spectra Communications Group, LLC, Study Area 421151, to Disaggregate and Target High Cost Universal Support, pursuant to 47 C.F.R. 54.315 under Path 3

Dear Mr. Hardy,

On behalf of Spectra Communications Group, LLC, Study Area 421151, I write to certify that Spectra Communications Group, LLC elects to disaggregate and target high-cost universal service support under Path 3. This election is made for the four year period established in 47 C.F.R. 54.315(b) and will remain in effect unless revised in accordance with in 47 C.F.R. 54.315(b)(4). The following enclosures demonstrate that the Company's plan complies with the requirements established by the FCC for Path 3 election and for disaggregation filings as set out in 47 C.F.R. 54.315.

- documentation supporting our methodology and rationale
- map(s) of the study area

I certify that I am authorized to make such certification on behalf of Spectra Communications Group, LLC.

In the event you have any questions regarding this certification, please contact Ken Matzderff at 816-779-8250 or [Kenneth.matzderff@centurytel.com](mailto:Kenneth.matzderff@centurytel.com). I can be reached at 318-388-9648 or [Jeff.glover@centurytel.com](mailto:Jeff.glover@centurytel.com).

Sincerely,

Jeffrey S. Glover  
Vice President External Relations  
For Spectra Communications Group, LLC

Enc.

cc: Universal Service Administration Company, 2120 L Street, NW, Suite 600, Washington, D.C. 20037  
John Van Eschen, Director Telecommunications Division, Missouri Public Service Commission, Public Information Office, Governor Office Building, 200 Madison Street, PO Box 360, Jefferson City, MO 65102-0360  
Office of Public Counsel, Governor Office Building, Suite 650, 200 Madison Street, P.O. Box 7800, Jefferson City, MO 65102-7800  
Trip England - via email - [trip@brydordlaw.com](mailto:trip@brydordlaw.com)

Exhibit C

**Spectra Communications Group, LLC**  
**Study Area Code No. 421151**

**Introduction**

1. This filing is made on behalf of Spectra Communications Group to propose the disaggregation of explicit federal high-cost support in its Spectra Communications Group study area in the state of Missouri. This study area has been assigned the Study Area Code number 421151. This filing is made pursuant to the Order of the Federal Communications Commission in CC Docket Nos. 96-45 and 00-256 that was issued on May 23, 2001, that became effective on June 19, 2001. This filing is made pursuant to, and is consistent with, Section 54.315 of the rules of the Federal Communications Commission which specifies the requirements for disaggregation filings.

**Total Study Area Support**

2. The total amount of support available to this study area without disaggregation is summarized in the following chart:

| Support Summary                |       |             |          |
|--------------------------------|-------|-------------|----------|
|                                |       | Monthly     | Per Line |
| High Cost Loop                 | HCL   | \$693,057   | \$5.30   |
| Interstate Common Line Support | ICLS  | \$718,090   | \$5.50   |
| Long Term Support              | LTS   | \$0         | \$0.00   |
| Local Switching Support        | LSS   | \$0         | \$0.00   |
|                                | Total | \$1,411,147 | \$ 10.80 |

**Description of Disaggregation Plan**

3. This study area contains 107 wire centers.
4. This plan establishes two support zones for the entire study area. It therefore meets the criteria established in 54.315 that support be disaggregated "into no more than two cost zones per wire center". This disaggregation is done differently for loop -related (i.e., HCL, ICLS, and LTS) and switch-related (i.e., LSS) support mechanisms. The precise means by which this disaggregation is performed are described in the following sections.

5. The disaggregation plan provides support as follows for the High Cost Loop (HCL), Interstate Common Line Support (ICLS), Long Term Support (LTS), and Local Switching Support (LSS) explicit federal support mechanisms:

| <u>HCL</u> |        | <u>ICLS</u> |        | <u>LTS</u> |        | <u>LSS</u> |        |
|------------|--------|-------------|--------|------------|--------|------------|--------|
| Zone 1     | Zone 2 | Zone 1      | Zone 2 | Zone 1     | Zone 2 | Zone 1     | Zone 2 |
| \$1.76     | \$7.47 | \$1.83      | \$7.74 | \$0        | \$0    | \$0        | \$0    |

6. Loop related support is composed of High Cost Loop (HCL) support (Part 36, Subsection F), Interstate Common Line Support (ICLS), and Long Term Support (LTS) (Section 54.503). All of these mechanisms provide support to carriers with high loop costs. While the exact methods by which these mechanisms calculate support are not identical, each mechanism provides support in a manner in which the higher the loop cost of the carrier, the more support the carrier receives. In disaggregating the loop-related mechanisms this methodology seeks to define a lower-cost zone (Zone 1) where relatively less loop related support is appropriate. The remaining support assigned to this study area is then distributed to the remaining lines in the study area (Zone 2) on a uniform basis.
7. The identification of the lower-cost zone was accomplished using a publicly available proxy model, the Benchmark Cost Proxy Model Version 3.0 with FCC Common Inputs that was placed on the public record in CC Docket 96-45 by the model sponsors Bell South, Sprint and U S WEST on December 11, 1997. Copies of this model may be obtained from the FCC's document vendor International Transcription Services. It is important to note that this model data is used solely for purposes of distributing the fixed amount of total study area support. Furthermore, even though the cost data was submitted in late 1997, it utilizes a forward-looking cost methodology and a network architecture that is currently used today, and that is similar to that used in the FCC's Hybrid Cost Proxy Model (HCPM). The results of the BCPM3 with FCC Common Inputs correlate very well with the results of the HCPM. The computed results of the HCPM for the non-rural study areas are not publicly available, whereas the results from the BCPM3 with FCC Common Inputs are. For this reason this data forms a publicly available and reliable basis for assessing the relationship of cost and density.
8. The 107 wire centers in this study area were ranked based on their corresponding monthly loop cost as identified by the BCPM3 (See Column B, Exhibit 1). The BCPM3 loop support per wire center is identified in Column E of Exhibit 1. It was determined by comparing the wire center cost per line (Column C) to 115% of the nation wide average cost per loop (\$31.07). This difference was then multiplied by the access line count to determine the total monthly BCPM3 loop support for the wire center.
9. We then developed a factor to reconcile the BCPM3 loop support to the total actual study area loop support. The reconciliation factor is the total actual monthly loop support for the

study area divided by the sum of the BCPM3 loop support for all wire centers. The actual loop support per wire center is indicated in Column F and consists of the BCPM3 loop support multiplied by the reconciliation factor.

10. The thirteen lowest cost wire centers shaded on Exhibit 1 have been designated as Zone 1 (Column G). The remaining higher cost wire centers have been designated as Zone 2. Exhibit 2 is a map showing Zone 1 and Zone 2 wire centers.
11. The monthly loop support for Zone 1 is established at \$3.59 per line, this represents the total Zone 1 support divided by the total Zone 1 access lines on Exhibit 1. The monthly loop support for Zone 2 is established at \$15.22 per line, this represents the total Zone 2 support divided by the total Zone 2 access lines on Exhibit 2.
12. Switch-related support is composed of Local Switching Support (LSS) (Section 54.301) Since CenturyTel serves over 50,000 lines it is not eligible for switch-related support.

#### **Total Disaggregated Support**

13. The support provided by this disaggregation plan does not change the total support received by the study area. The total monthly loop support for Zone 1 (\$177,927) and Zone 2 (\$1,233,220) will produce this same level of total support indicated in Paragraph 2 above and the following chart:

| <u>Lines</u> |        | <u>HCL Support</u> |           | <u>ICLS Support</u> |           | <u>LTS Support</u> |        | <u>LSS Support</u> |        |             |
|--------------|--------|--------------------|-----------|---------------------|-----------|--------------------|--------|--------------------|--------|-------------|
| Zone 1       | Zone 2 | Zone 1             | Zone 2    | Zone 1              | Zone 2    | Zone 1             | Zone 2 | Zone 1             | Zone 2 | Total       |
| 49,600       | 81,051 | \$87,385           | \$605,671 | \$90,542            | \$627,548 | \$0                | \$0    | \$0                | \$0    | \$1,411,147 |

14. Based upon the foregoing, CenturyTel certifies that it meets the requirements of Part 54.315 of the FCC rules for this disaggregation plan.

## CENTURYTEL OF MISSOURI, INC.

Study Area 421151

Company T395

|                   | Monthly     | Per Line |
|-------------------|-------------|----------|
| High Cost Loop    | \$833,057   | \$5.22   |
| ICLS              | \$713,090   | \$0.55   |
| Long Term Support | \$0         | \$0.22   |
| Fund              | \$1,411,147 | \$10.99  |

|                        |         |
|------------------------|---------|
| National Average Cost: | \$27.02 |
| Cascade Benchmark      | 115.00% |
| Funding                | \$31.07 |

LSS 50 \$0.22 Access Lines 130,651

| A         | B               | C             | D               | E                  | F                   | G    |
|-----------|-----------------|---------------|-----------------|--------------------|---------------------|------|
|           |                 | BCPM3 Results | CenturyTel Data | MAX((C-31.07)/D,0) | E * (SPool /SUM(E)) |      |
| CLLI      | Wire Center     | Monthly Cost  | Access Lines    | Support Required   | Actual Support      | Zone |
| MAGNMOXA  | Macon           | \$52.10       | 5,063           | \$5,655            | \$2,101             | 1    |
| AURRMOXA  | Aurora          | \$33.48       | 5,673           | \$13,655           | \$5,073             | 1    |
| SVNHMOXA  | Savannah        | \$30.59       | 3,788           | \$9,534            | \$9,542             | 1    |
| CMPNMOXA  | Cameron         | \$57.28       | 5,552           | \$34,461           | \$12,603            | 1    |
| MTVRMOXA  | Mount Vernon    | \$40.21       | 4,452           | \$40,878           | \$15,113            | 1    |
| CNCRMOXA  | Concordia       | \$42.30       | 2,217           | \$24,890           | \$9,247             | 1    |
| MTGVMOXA  | Mountain Grove  | \$43.54       | 4,681           | \$58,350           | \$21,682            | 1    |
| CNTNMOXA  | Canton          | \$44.49       | 1,538           | \$28,807           | \$9,960             | 1    |
| PLMYMOXA  | Palmyra         | \$44.82       | 3,213           | \$43,594           | \$16,196            | 1    |
| MNOCMOXA  | Monrovia City   | \$45.53       | 2,634           | \$38,000           | \$14,140            | 1    |
| POTSXMOXA | Potosi          | \$48.54       | 7,252           | \$125,871          | \$47,051            | 1    |
| BRWKMOXA  | Brunswick       | \$49.53       | 547             | \$17,000           | \$8,818             | 1    |
| KAHKMOXA  | Kahoka          | \$49.87       | 2,125           | \$35,519           | \$14,602            | 1    |
| HSTNMOXA  | Houston         | \$50.08       | 3,574           | \$50,832           | \$25,944            | 2    |
| LAGRMOXA  | Lagrange        | \$50.18       | 971             | \$16,558           | \$6,893             | 2    |
| PLBSMOXA  | Plattsburg      | \$50.39       | 2,219           | \$42,864           | \$15,925            | 2    |
| LWSRMOXA  | Lawson          | \$50.70       | 2,573           | \$50,500           | \$18,762            | 2    |
| GNFDXMOXA | Greenfield      | \$50.62       | 1,774           | \$65,031           | \$16,015            | 2    |
| SLBNMOXA  | Shelbina        | \$51.59       | 1,693           | \$36,839           | \$14,430            | 2    |
| HMTNMOXA  | Hamilton        | \$51.73       | 1,624           | \$53,547           | \$12,464            | 2    |
| IRTNMOXA  | Irionton        | \$52.22       | 3,990           | \$64,877           | \$31,343            | 2    |
| SRCKXMOXA | Sarcoxia        | \$52.36       | 1,908           | \$40,616           | \$16,050            | 2    |
| EDSHMOXA  | Edwards Springs | \$52.40       | 4,766           | \$102,071          | \$37,922            | 2    |
| GOWRMOXA  | Gower           | \$54.86       | 1,278           | \$30,352           | \$11,277            | 2    |
| LWFMXMOXA | Lawstown        | \$55.73       | 267             | \$6,583            | \$2,445             | 2    |
| AVOCMOXA  | Avenue City     | \$55.77       | 446             | \$11,554           | \$4,111             | 2    |
| NEBOCMXA  | Neco            | \$56.11       | 452             | \$11,217           | \$4,204             | 2    |
| IDDNMOXA  | Idandria        | \$56.31       | 529             | \$14,837           | \$5,553             | 2    |
| IRDLMOXA  | Irondale        | \$56.33       | 646             | \$18,532           | \$7,022             | 2    |
| LONGMOXA  | Licking         | \$56.20       | 2,797           | \$82,459           | \$30,525            | 2    |
| BRYMCMXA  | Braymer         | \$56.62       | 813             | \$25,548           | \$9,526             | 2    |
| TRMBMOXA  | Trimble         | \$57.06       | 380             | \$12,522           | \$4,570             | 2    |
| HMYLMOXA  | Humansville     | \$57.47       | 1,388           | \$24,522           | \$16,582            | 2    |
| BCTRMOXA  | Birch Tree      | \$57.82       | 1,185           | \$38,525           | \$14,417            | 2    |
| PARSMOXA  | Paris           | \$57.08       | 1,842           | \$60,354           | \$22,458            | 2    |
| SWVLMXA   | Stewartsville   | \$57.50       | 624             | \$20,858           | \$7,749             | 2    |
| VNBRMOXA  | Van Buren       | \$57.62       | 1,718           | \$57,834           | \$21,412            | 2    |
| WINOMXA   | Winona          | \$57.70       | 1,123           | \$30,855           | \$14,447            | 2    |
| LSVCMXA   | Lesterville     | \$57.89       | 418             | \$14,545           | \$5,405             | 2    |
| LPLTMOXA  | La Plata        | \$57.13       | 1,490           | \$52,235           | \$19,407            | 2    |
| WEBLMOXA  | Weebleau        | \$57.89       | 530             | \$18,583           | \$7,253             | 2    |
| WYLDMOXA  | Wayland         | \$57.13       | 924             | \$38,317           | \$12,375            | 2    |
| BOLCKMOXA | Bolckow         | \$57.37       | 226             | \$8,253            | \$3,545             | 2    |
| HWYLMXA   | Haymondville    | \$57.48       | 520             | \$19,452           | \$7,227             | 2    |
| FASTMOXA  | Easton          | \$57.92       | 313             | \$12,159           | \$4,517             | 2    |
| CLNDMOXA  | Clarence        | \$71.37       | 988             | \$39,515           | \$14,792            | 2    |
| PRRYMOXA  | Perry           | \$71.57       | 1,050           | \$42,522           | \$15,796            | 2    |
| OSQLMOXA  | Ossola          | \$71.65       | 1,920           | \$77,908           | \$28,945            | 2    |
| RODLMXA   | Rosendale       | \$72.29       | 346             | \$14,251           | \$5,295             | 2    |
| HLNAMXA   | Helena          | \$72.48       | 293             | \$12,539           | \$4,554             | 2    |
| MYVLMXA   | Mayville        | \$73.28       | 1,702           | \$71,556           | \$26,669            | 2    |
| ODCYMOXA  | Golden City     | \$73.31       | 980             | \$41,599           | \$15,376            | 2    |
| OSDLMOXA  | Clarksdale      | \$75.42       | 364             | \$13,414           | \$5,727             | 2    |

| OLLI      | Wire Center     | Monthly Cost | Access Lines | Loop             |                |      |
|-----------|-----------------|--------------|--------------|------------------|----------------|------|
|           |                 |              |              | Support Required | Actual Support | Zone |
| OSBRMOXA  | Cosbys          | \$73.83      | 423          | \$16,085         | \$6,720        | 2    |
| ANNPMOXA  | Annapolis       | \$74.80      | 927          | \$40,071         | \$14,388       | 2    |
| WONDMOXA  | West Quincy     | \$74.37      | 275          | \$11,907         | \$4,424        | 2    |
| RI GEMOXA | Belgrade        | \$75.11      | 516          | \$22,723         | \$8,442        | 2    |
| AMZNM OXA | Amazonia        | \$75.19      | 413          | \$18,220         | \$6,769        | 2    |
| KTVLMOXA  | Keytesville     | \$75.26      | 626          | \$27,743         | \$10,310       | 2    |
| ELSNMOXA  | Elsinore        | \$75.61      | 1,135        | \$50,549         | \$16,780       | 2    |
| ELVWMOXA  | Bellvue         | \$76.66      | 439          | \$20,021         | \$7,439        | 2    |
| SHVLMOXA  | Shelbyville     | \$76.79      | 612          | \$27,942         | \$10,381       | 2    |
| CLDNMOXA  | Calcedonia      | \$76.78      | 612          | \$27,960         | \$10,383       | 2    |
| HTVLM OXA | Hartsville      | \$78.92      | 1,602        | \$76,651         | \$26,473       | 2    |
| EMNNMOXA  | Eminence        | \$80.14      | 1,210        | \$69,371         | \$22,058       | 2    |
| SHLNM OXA | Sheldon         | \$80.74      | 764          | \$37,946         | \$14,098       | 2    |
| JRSPMOXA  | Jericho Springs | \$81.40      | 535          | \$26,925         | \$10,003       | 2    |
| NRWDM OXA | Norwood         | \$81.72      | 1,086        | \$55,002         | \$20,435       | 2    |
| LWOCMOXA  | Lowry City      | \$83.23      | 1,403        | \$73,176         | \$27,187       | 2    |
| LEITMOXA  | Laclede         | \$83.39      | 271          | \$14,173         | \$5,257        | 2    |
| CSBYMOXA  | Cosby           | \$83.50      | 150          | \$7,854          | \$2,922        | 2    |
| EWNGMOXA  | Ewing           | \$84.33      | 293          | \$15,604         | \$5,797        | 2    |
| FLMFM OXA | Fillmore        | \$85.67      | 265          | \$14,468         | \$5,375        | 2    |
| TRNYMOXA  | Turney          | \$86.06      | 175          | \$9,823          | \$3,575        | 2    |
| EVINMOXA  | Everton         | \$87.10      | 614          | \$34,401         | \$12,781       | 2    |
| KCDRMOXA  | Kidder          | \$89.06      | 438          | \$25,407         | \$9,439        | 2    |
| ROBYMOXA  | Boys            | \$92.94      | 1,165        | \$73,312         | \$27,237       | 2    |
| MILOMOXA  | Milo            | \$94.01      | 679          | \$36,441         | \$13,536       | 2    |
| GORNMOXA  | Gorn            | \$94.65      | 172          | \$10,385         | \$4,082        | 2    |
| CLNSMOXA  | Collins         | \$95.42      | 607          | \$39,059         | \$14,511       | 2    |
| EGSPMOXA  | Edgar Springs   | \$99.10      | 1,056        | \$71,837         | \$26,685       | 2    |
| KGTNMOXA  | Kingston        | \$99.99      | 535          | \$36,871         | \$13,832       | 2    |
| WALKMOXA  | Walker          | \$102.95     | 369          | \$26,523         | \$9,354        | 2    |
| SHCYMOXA  | Schell City     | \$103.58     | 584          | \$42,344         | \$15,732       | 2    |
| REVRMOXA  | Havere          | \$103.63     | 214          | \$15,527         | \$5,769        | 2    |
| GVSPMOXA  | Grovespring     | \$104.03     | 667          | \$48,652         | \$18,079       | 2    |
| EMERMOXA  | Elmer           | \$104.62     | 194          | \$14,243         | \$5,234        | 2    |
| AVLLMOXA  | Avilla          | \$105.55     | 678          | \$50,495         | \$18,760       | 2    |
| DDV LMOXA | Dadaville       | \$105.55     | 474          | \$35,775         | \$13,292       | 2    |
| ENCI MOXA | Enonah          | \$107.28     | 459          | \$34,970         | \$12,662       | 2    |
| BNKHMOXA  | Bunker          | \$115.20     | 746          | \$82,753         | \$23,317       | 2    |
| ROSSMOXA  | Ross            | \$120.21     | 370          | \$32,931         | \$12,252       | 2    |
| MANESMOXA | Manes           | \$123.13     | 667          | \$61,402         | \$22,812       | 2    |
| WHVLM OXA | Whitaville      | \$123.28     | 194          | \$17,888         | \$6,646        | 2    |
| CNV LMOXA | Centerville     | \$127.59     | 301          | \$29,052         | \$10,732       | 2    |
| PKVLM OXA | Rockville       | \$128.88     | 451          | \$44,102         | \$16,335       | 2    |
| DLINMOXA  | Darton          | \$129.18     | 67           | \$5,532          | \$2,073        | 2    |
| HNWLM OXA | Hunnewell       | \$134.65     | 262          | \$26,152         | \$9,718        | 2    |
| ARCLMOXA  | Amelia          | \$138.40     | 264          | \$26,334         | \$10,527       | 2    |
| VNZNMOXA  | Vanzant         | \$138.60     | 553          | \$59,462         | \$22,032       | 2    |
| OATSM OXA | Oates           | \$140.69     | 441          | \$48,429         | \$17,933       | 2    |
| MNTIM OXA | Monticello      | \$142.46     | 273          | \$30,409         | \$11,238       | 2    |
| FRMTMOXA  | Framont         | \$145.88     | 192          | \$22,043         | \$6,190        | 2    |
| MNTKMOXA  | Montauk         | \$158.34     | 279          | \$36,507         | \$13,192       | 2    |
| SNFFMOXA  | Santa Fe        | \$172.50     | 162          | \$26,740         | \$9,563        | 2    |
| TMBRMOXA  | Timber          | \$205.89     | 192          | \$33,585         | \$12,470       | 2    |
| STVLMOXA  | Stoutsville     | \$261.67     | 161          | \$37,126         | \$13,793       | 2    |

Total \$60.14 130.651 \$3,796,242 \$1,411,147

|        |         |        |           |           |                       |                         |
|--------|---------|--------|-----------|-----------|-----------------------|-------------------------|
|        |         |        |           |           | Loop Support Per Line | Switch Support Per Line |
| Zone 1 | \$40.73 | 49,800 | 476,903   | 177,927   | \$3.59                | \$0.00                  |
| Zone 2 | \$72.03 | 81,851 | 3,319,334 | 1,233,220 | \$15.22               | \$0.00                  |

Spectra Communications  
Study Area #: 421151

